

August 12, 2019 7:00 P.M.

JONES COUNTY BOARD OF COMMISSIONERS

Work Session

JONES COUNTY AGRICULTURAL BUILDING, 110 MARKET STREET

TRENTON, NC 28585

MINUTES

COMMISSIONERS PRESENT:

Mike Haddock, Chairman

Frank Emory, Vice-Chairman

Sondra Ipock-Riggs, Commissioner

James Harper, Commissioner

April Aycock, Commissioner

Charlie Dunn, Jr., Commissioner

Charlie Gray, Commissioner- Absent

OFFICIALS PRESENT:

Franky J. Howard, County Manager

Angelica Hall, Clerk

Brenda Reece, Finance Officer

Mike Houston, Water Supervisor

Sherry Koonce, Utility Services Manager

Chairperson opened the meeting and turned it over to Mr. Franky Howard, County Manager.

Leak Adjustment Service

Ms. Shelby Winstead presented to the Board a Proposal for Servline Utilities Protection. Servline is a full-service customer leak solution. They pay for high water bills caused by customer leaks by insuring the Utility. This is a Leak Protection Program administered by Servline. The proposal showed the premiums for general coverage. The Board reviewed and discussed the proposal and requested Sherry Koonce, Utility Manager, meet with Ms. Winstead to review this in more detail before a final decision is made on the matter.

Water Sewer Merger Study

Mr. Schumata Brown spoke to the Board about an opportunity to join a Water Sewer Merger Study. Mr. Brown explained that there was a \$50,000 grant to conduct the study and there would not be a cost to the County. The Board was in agreement to join the study and Chairman Mike Haddock gave Mr. Brown the approval to move forward with the County as part of the study with the Board's consent.

Water Treatment Plant Project Update

Mr. Tyndall Lewis provided the Board an update on the Water Treatment Plant Project. A copy of the presentation is marked **EXHIBIT A** and is hereby incorporated and made a part of the minutes.

Budget Amendment

Mrs. Brenda Reece, Finance Officer, informed the Board that there would be a budget amendment on the next meeting Agenda requesting the Board receive the additional funding for the WIC Program at the Health Department.

MOTION made by April Aycock, seconded by James Harper. and unanimously carried **THAT** the meeting be adjourned at 9:40 p.m.

Mike Haddock
Chairman

Angelica Hall
Clerk to the Board

WATER SYSTEM HISTORY

Jones County's countywide water system dates back to the 1970's when an original construction phase was implemented in the central portion of the County through financing obtained through Farmers Home Administration (now USDA - Rural Development). Successful activation of original assets increased demand from existing rural homes, necessitating several construction phases that have allowed central water to be made available to approximately 80% of rural residents. Jones County's water system includes service to the Town of Trenton (Trenton does not operate a water system). The Jones County water system is supplied from six groundwater wells, all of which withdraw from regulated aquifer systems with three of the six wells facing mandatory reductions posed by Central Coastal Plain Capacity Use Area (CCPCUA) rules.

Jones County includes three (3) municipalities. The County seat is the Town of Trenton. Trenton is centrally located in the County and has a small population. When Jones County first developed central water in the 1970's, Trenton did not have a central water system. Jones County's initial construction phases included providing water service to all residents within the Town of Trenton. All Trenton residents are Jones County Regional Water System water customers (individually metered).

The Town of Pollocksville is located in northeast Jones County. Pollocksville operates an independent water system that consists of two (2) wells, small water treatment facility, and elevated storage tank. Jones County maintains an emergency interconnection with the Town of Pollocksville water system.

The Town of Maysville is located in southeast Jones County. Maysville is the largest County Town with a population slightly above 1,000. Maysville operates an independent water system that presently consists of one (1) well, small water treatment facility, and elevated storage tank. Jones County maintains a metered interconnection with the Town of Maysville water system and presently serves as the Town's second water supply source. When Maysville needs water supply from Jones County, the Town purchases the water at a bulk rate. Maysville is not a full-time water purchaser.

The Jones County Regional Water System presently consists of approximately 250-300 miles of waterlines ranging in size from 2" – 12" diameter. Existing water distribution layout includes several areas where small waterlines restrict the flow/delivery of water to customers. The County has a unique layout with the Hoffman Forest occupying a significant portion of territory in the south-central area. With no routing through the forest, hydraulics are compromised in the eastern and western service areas during periods of peak water demand. Jones County's water system includes six supply wells, five (5) elevated storage tanks, and a booster pump station.

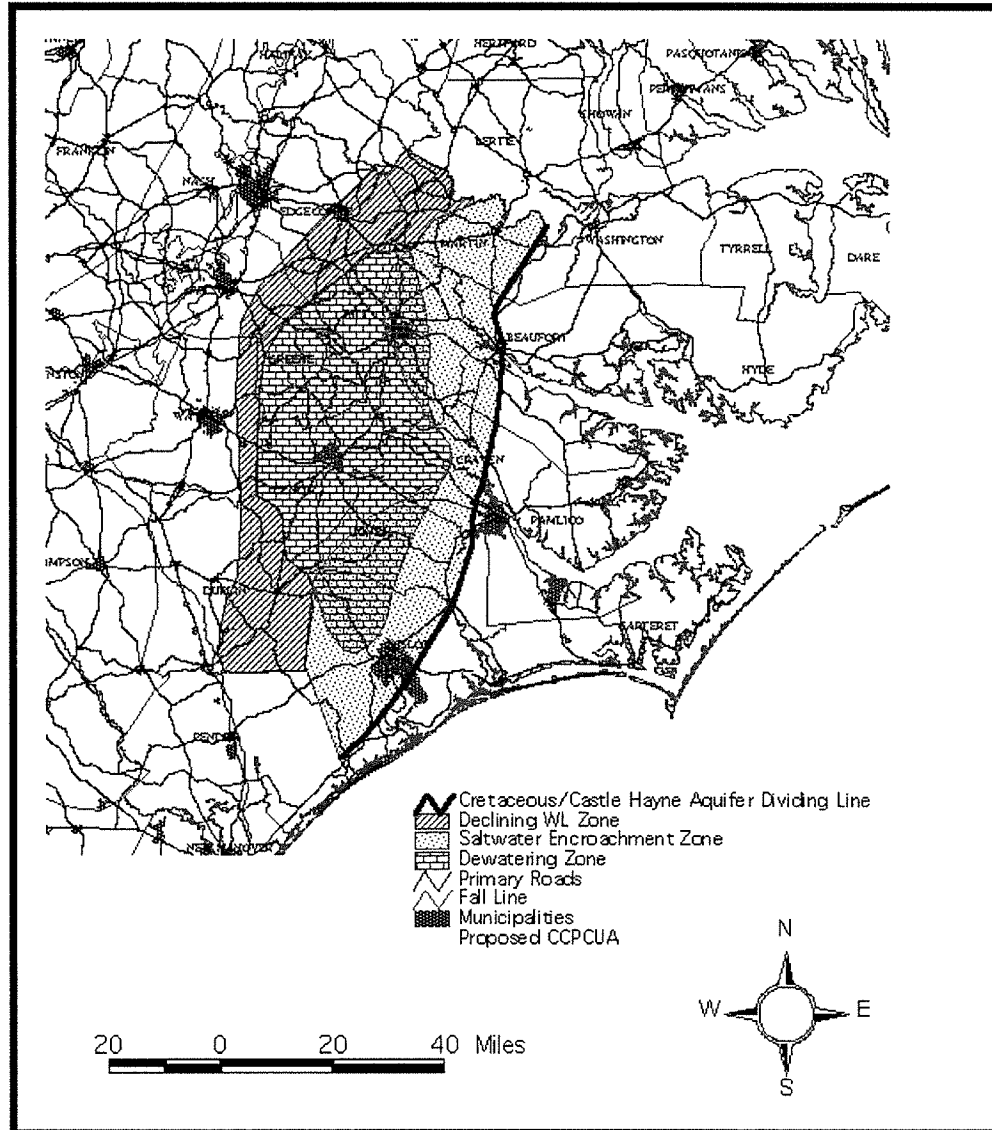
NEED FOR PROJECT

The Environmental Management Commission, at the recommendation of the NC Division of Water Resources, designated a 15 county area effective August 1, 2002 as the Central Coastal Plain Capacity Use Area (CCPCUA). Designation of the area as a "Capacity Use Area" allows the Division of Water Resources to regulate ground water withdrawals within the area via a system of permits. Regulation of withdrawals by the Division of Water Resources was deemed necessary and in the public's interest in order to prevent irreversible damage to the Cretaceous aquifers within the area and to limit future withdrawals to sustainable levels. There are four Cretaceous aquifers in the Central Coastal Plain known as the Peedee, Black Creek, Upper Cape Fear and Lower Cape Fear aquifers. The Black Creek and Upper Cape Fear aquifers are the primary two aquifers used extensively as public water supply sources throughout the area. The permit program is guided by regulations contained in Title 15A, Chapter 2, Subchapter 2E, Section .0500 - .0507 .

Section .0502(b) requires water users with withdrawals greater than 100,000 gallons per day (gpd) obtain permits. Section .0502(c) requires adverse impacts of ground water withdrawals be avoided or minimized. Adverse impacts include, but are not limited to, declining water levels that indicate use exceeds recharge, dewatering of aquifers, encroachment of salt water, and land subsidence. Dewatering is defined in .0507(6) as "...when aquifer water levels are depressed below the top of a confined aquifer..." Section .0502(d)(3) requires permit applications include plans to reduce water use from certain Cretaceous aquifers (Black Creek and Upper Cape Fear) as specified in .0503.

Section .0502(j) requires that "withdrawals shall be permitted only from wells that are constructed that pump intake or intakes are at a shallower depth than the top of the uppermost confined aquifer that yields water to the well." Additionally, "where wells in existence as of the effective date of this Rule are not in compliance with the requirements of this provision, the permit shall include a compliance schedule for retrofitting or replacement of non-compliant wells."

CENTRAL COASTAL PLAIN CAPACITY USE AREA



Section .0503 requires water withdrawals be reduced from the Black Creek and Upper Cape Fear aquifers, starting from approved base rates, in prescribed areas over a 16-year period beginning August 1, 2002. The reductions specified in Rule .0503 do not apply to wells exclusively screened in the Pee Dee aquifer. The reductions were scheduled to be implemented in three phases. Cretaceous aquifer zones identified as Salt Water Encroachment, Dewatering, and Declining Water Levels are shown in the prior figure. The “approved base rate” is typically the larger of the annual water use rate from Cretaceous

aquifers for calendar year 1997 or the year from August 1, 1999 through July 31, 2000. The 6-year period between August 1, 2002 and July 31, 2008 represented Phase I. The 5-year period August 1, 2008 through July 31, 2013 represented Phase II, and the 5-year period August 1, 2013 through July 31, 2018 represents Phase III. Reductions in withdrawals from Cretaceous aquifers in the Declining Water Level Zone equal to 10% of the approved base rate must be achieved by the end of Phase I (August 1, 2008); reductions equal to 20% of the approved base rate must be achieved by the end of Phase II (August 1, 2013); and reductions equal to 30% of the approved base rate must be achieved by the end of Phase III (August 1, 2018). Reductions in withdrawals from Cretaceous aquifers in the Dewatering Zone equal to 25% of the approved base rate must be achieved by the end of Phase I (August 1, 2008); reductions equal to 50% of the approved base rate must be achieved by the end of Phase II (August 1, 2013); and reductions equal to 75% of the approved base rate must be achieved by the end of Phase III (August 1, 2018). Reductions in the Salt Water Intrusion Zone are the same as those described for the Dewatering Zone. Both the Dewatering Zone and the Salt Water Intrusion Zone extend into Jones County and impact operation of the Jones County Regional Water System.

Section .0503(7) also allows the Aquifer Zones to be revised in the sixth, eleventh and sixteenth years following the effective date of the rule (August 1, 2002) in the event new information supports revisions to the zones. In February 2013, the Ground Water Management Branch of the Division of Water Resources (DWR) released the "Draft Central Coastal Plain Capacity Use Area Assessment Report". The report states that DWR staff concluded that "no action need be taken by the Environmental Management Commission to alter either the reduction zone boundaries or rule language 15A NCAC 2E .0503. However, we do recommend that the EMC endorse the division's new method of permit review which will use a series of criteria to judge each production well and aquifer conditions by individual permit. This enhanced permit application review will allow the division to alter an individual permit holder's reduction requirements." The report goes on to say that although water levels in several monitoring wells within the CCPCUA have improved, there are some wells showing declines. DWR believed there was still opportunity for dewatering of aquifers in specific cases where pump intakes of production wells continued to remain below aquifer tops.

Following the 2013 Report, permit holders were authorized to submit applications for temporary permits to postpone further reductions if all their wells met specific requirements, including level or upward trending water levels after 2012 or over the previous year and verification pump intakes were above the top of the aquifer. Nine permit holders were issued temporary permits (Greene County, LaGrange, New Bern, Snow Hill, Belfast-Patetown Sanitary District, Fork Township Sanitary District, Southeastern Wayne Sanitary District, Northwestern Wayne Sanitary District and Chinquapin Water Association).

In June, 2018, the Ground Water Management Branch of the Division of Water Resources (DWR) released the "Central Coastal Plain Capacity Use Area Assessment Report". The recommendations of the report were submitted to the Environmental Management Commission on September 13, 2018 and again on October 10, 2018. The recommendations were approved by the EMC on October 10, 2018. The agenda item from the EMC meeting provides a concise explanation of the report and its recommendations. A copy of "Agenda Item: 18-50 Request Approval of the Central Coastal Plain Capacity Use Area Assessment Report" is as follows:

"Explanation: 15A NCAC 2E .0503 (7) of the Central Coastal Plain Capacity Use Area Rules requires that aquifer conditions be assessed in 2008, 2013 and 2018. The final version of the 2018 assessment document is now available for review by the EMC. Rule .0503 (7) states that the EMC may adjust the aquifer zone boundaries and the water use reduction percentages based on this analysis. The 2018 report was drafted in April 2018 and was distributed for public comments on April 18, 2018. The report was made available as a link off our CCPCUA website. The public notice was mailed to our CCPCUA mailing list which includes our permit holders and interested parties. Although the report was downloaded electronically over 1,400 times no comments were received prior to our June 1 deadline. On June 2, 2018 the final draft document was submitted for review by DEQ management. On July 11 the Water Allocation Committee approved the assessment findings and recommendations.

In short, while water level recoveries have occurred in all of the CCPCUA 15 county area, salt water encroachment potential remains a potential problem. It

is clear that the CCPCUA rules have been effective at forcing water suppliers to invest in more sustainable alternate water sources beyond the endangered Cretaceous aquifers. Bringing usage of the Cretaceous aquifers to sustainable levels and adding additional supplies of water are the core objectives of the CCPCUA rules.

The current total of annual withdrawals is less than the prescribed final reduction which is a strong argument to keep the rules unchanged. The Division will continue to use temporary permits to ease the reduction burden on some permittees provided their reduction wells meet certain criteria. These criteria should demonstrate they are withdrawing at a sustainable rate and include pump intake placement and monitoring requirements. If the permittee does not maintain those conditions, then they forfeit the stable water withdrawal amount and are placed back in normal reduction status.

Recommendation: DWR recommends that the Environmental Management Commission approve the 2018 assessment document and make no adjustments to either the CCPCUA reduction percentages or the reduction zone boundaries.”

During the October 10, 2018 presentation to the EMC it was noted there were 305 permit-holders and 69 annual registrations. Registrations are required for facilities using between 10,000 and 100,000 gallons per day (gpd) of ground water and above 10,000 gpd of surface water.

The CCPCUA Permit regulates ground water withdrawals from the JCRWS wells based on JCRWS’s “Approved Base Rate” (ABR). An “Approved Base Rate” under CCPCUA rules is defined as the larger of the following:

1. Total calendar Year 1997 water use
2. Total August 1, 1999 through July 31, 2000 water use
3. An adjusted water use calculation based on the larger of 1 or 2 and the following:
 - a. Documentation of water use reduction since January 1, 1992
 - b. Actual or estimated water use from wells approved by the Division of Environmental Health by August 1, 2002
 - c. Percent of plant nursery operation using low volume micro-irrigation

d. Documentation of other relevant information

The ABR for the quantity of ground water that may be removed from JCRWS wells in the Black Creek aquifer was defined by the Division of Water Resources (DWR) in the JCRWS Permit to be 679,282 gpd. The allowable ground water withdrawal from these wells after August 1, 2008 was reduced by 25% to 509,462 gpd. The allowable ground water withdrawal from these wells after August 1, 2013 was reduced by another 25% to 339,641 gpd. The allowable ground water withdrawal from these wells after August 1, 2018 was originally scheduled to be reduced by a final 25% increment to 169,821 gpd (rounded to 169,800 gpd hereafter); however, Jones County was issued a temporary limit of 339,641 gpd on July 15, 2019. The temporary permit was issued, in part, to allow Jones County additional time to construct proposed new wells in the Castle Hayne aquifer.

Well 5 was originally constructed with screens in both the Peedee aquifer and Black Creek aquifer. Well 5 was designated in the original CCPCUA Water Use Permit to be subject to the 25% reductions in 2008, 2013, and 2018. JCRWS modified Well 5 in late 2014 by plugging the screens in the Black Creek aquifer. Well 5 returned to service in early 2015 as a 200 gpm well screened only in the Peedee aquifer.

Wells 5, 7 and 8 as of 2015 are each screened exclusively in the Peedee aquifer and should not be subject to mandated reductions in withdrawals; however, all three wells have pump settings below the top of the Peedee aquifer, representing a violation of Section .0502(j) of CCPCUA rules. The following table (taken from data published by the Division of Water Resources) summarizes pump intake depth, aquifer top depth, and needed pump adjustment for these wells.

**WELL 5/7/8 PUMP INTAKE ADJUSTMENT SUMMARY
CCPCUA RULE COMPLIANCE**

Well	Pump Intake Depth (feet)	Aquifer Top Depth (feet)	Pump Intake Adjustment (feet)
5	-285	-223	63
7	-227	-160	68
8	-215	-196	20

-
- *Pump intake for Well 5 (-285') is based on the revised pump installation that converted the well to withdraw solely from the Peedee aquifer.*

Adjusting the pump intake settings on Wells 5, 7, and 8 will impact performance by reducing the pumping capacity of each well. It is assumed that raising the intakes on Peedee wells will restrict instantaneous withdrawal from each well to a maximum of 125 gpm.

With allowable withdrawals from Wells 1 – 3 (Black Creek aquifer) limited to 169,800 GPD (the temporary limit of 339,641 gpd is not considered a permanent limit) after August 1, 2018 plus three wells (Wells 5, 7 & 8) in the Peedee formation pumping 270,000 GPD the total ground water withdrawal capacity consistent with CCPCUA rules after 2018 for the JCRWS is 439,800 GPD. A summary of allowable permanent withdrawals as of August 1, 2018 is as follows:

Well	2018 Allowable Withdrawal
1 - 3	169,800
5, 7, 8	270,000
TOTAL	439,800

Notes:

1. 169,800 gallon per day allowable withdrawal is limited by CCPCUA .0503 rule
2. 270,000 gallon per day allowable withdrawal is limited by raising the pumps above the top of the Peedee aquifer

The following table projects ground water withdrawal needs for 2020, 2030, 2040 and 2050 based upon Jones County population data and water loss data as defined in the 2014 Water Supply Plan.

WATER WITHDRAWAL PROJECTIONS JONES COUNTY REGIONAL WATER SYSTEM

Year	Water Users	Avg Daily Metered Demand (MGD)	Unmetered Process Avg Daily Demand (MGD)	Unaccounted for Avg Daily Demand (MGD)	Total Average Daily Withdrawal (MGD)
2014 ¹	3,614	0.495	0.025	0.090	0.610
2020	3,640	0.499	0.040 ²	0.090	0.629
2030	3,660	0.501	0.040	0.090	0.631
2040	3,680	0.504	0.040	0.090	0.634
2050	3,700	0.507	0.040	0.090	0.637

1. 2014 data from Jones County 2014 Local Water Supply Plan.
2. Additional 0.015 MGD of process wastewater from new water treatment plant

The Division of Water Resources recommends water systems submit plans for meeting future water needs when annual average water withdrawals exceed 80% of the water supply capacity. In other words, water systems are expected to develop and maintain water supplies with surplus capacity over and above current and projected needs. The minimum recommended water supply capability for the JCRWS is as follows:

	Proj.Withdrawals (MGD)	Required Water Supply Capacity (MGD)
2020	0.629	0.786
2030	0.631	0.789
2040	0.634	0.793
2050	0.637	0.796

Based on projected water use, Jones County has a recommended supply capacity of 786,000 gpd by the Year 2020. Current supply assets (accounting for pumps being raised in Peedee wells) are projected to have a capacity of 439,800 gpd in 2020, creating a supply shortage of 346,200 gpd, which amounts to a 78.7% increase above the 2018 permanent allowable withdrawal limits. The trend of declining water levels in the Peedee aquifer is expected to continue which will have a detrimental impact on the County's ability to continue to withdraw 270,000 gpd from the Peedee aquifer. Proposed new supply assets need to have the capability of being expanded to meet 100% of Jones County's future water supply needs.

Proposed Project – Construct New Water Treatment Plant and Two Castle Hayne Aquifer Wells and Distribution System Improvements

Based on a review of alternatives to increase its supply capabilities and improve water distribution, Jones County selected an alternative consisting of the construction of two new wells in the Castle Hayne formation, a new water treatment plant (WTP), continued use of the existing JCRWS wells, and distribution system improvements. The proposed new water treatment plant will be constructed on property known as the Everett site. The site is located near the intersection of US 17 and Ten Mile Fork Road in the northeastern portion of Jones County, a location which allows access to the Castle Hayne aquifer. The WTP will have an initial capacity of 300,000 gpd but is expandable to 900,000 gpd in 300,000 gpd increments. Expansion capability allows the Castle Hayne aquifer to be further developed in the future to meet the County's long term water needs. Backwash waste from the new WTP is proposed to be discharged to the Trent River near the Town of Pollocksville. Domestic wastewater from the WTP is proposed to be discharged to the Town of Pollocksville sewer system. Two new wells and an elevated tank will also be located on the site with the WTP.

Project scope includes the installation of approximately 18,000 LF of 10" diameter transmission waterline along Oak Grove Road between NC 58 and Claude Banks Road. This transmission waterline allows finished water from the new water treatment facility to be delivered into the County's existing 10" diameter transmission waterline along NC 58.

Water distribution improvements are also proposed along NC 41 (western portion of system) between existing Well No. 8 and the existing elevated storage tank located near Taylor's Corner. At present, no waterline exists in a portion of this area. Approximately 24,000 LF of 8" diameter waterline is proposed to interconnect the existing 8" diameter waterline at Well No. 5/Well No. 8 to existing Well No. 7/Elevated Storage Tank No. 4. No new users will be added; however, hydraulic efficiency of the water system will be greatly improved by strengthening the interconnection between existing Elevated Storage Tank No. 1 and existing Elevated Storage Tank No. 4.

The proposed water treatment plant filters will require regeneration/backwashing which requires high flow rates with minimal variations in pressure. The high flow rates required may best be provided in a consistent manner with an on-site elevated storage tank.

TIMELINE OF MILESTONES AND PROJECT SCHEDULE

The County recognized significant changes had to take place in order to comply with the CCPCUA rules adopted August 1, 2002. After much consideration and observation of the gradual implementation of the CCPCUA rules, the County authorized McDavid Associates prepare an evaluation of alternate water sources in 2013. McDavid completed the evaluation of alternative supplies and met with the Board of Commissioners regarding the selection of the best alternative for Jones County. McDavid recommended and the County Commissioners selected the alternative for constructing wells in the Castel Hayne Aquifer in northeastern Jones County. Following selection of the recommended alternative, the search for project funding was initiated. A timeline of past milestones is as follows:

2013 -2014	Evaluation of Alternative Water Sources and Selection of Alternative Water Source
March, 2015	Engineering Report Submitted to USDA
July, 2015	USDA Approval of Engineering Report
January 2016	USDA Obligation of Funds
March 2016	Engineering Agreement Approval
May 2017	Option for Purchase of Everett Site
November 2017	Completion of Test Wells
January 2018	Begin Plan Preparation
May 2018	Application for NPDES Permit to DEQ
August 2018	DEQ Request for Additional Information and Modelling
December 2018	Plans for Construction Contracts 1 through 5 Completed
January 2019	Additional Modelling and Information to DEQ
March 2019	DEQ Request for Additional Information and Toxicity Testing
April 2019	Additional Toxicity Data and Information to DEQ
June 2019	Draft NPDES Permit Advertised via Public Notice
July 2019	Public Comment Period for NPDES Permit Expired

The schedule for the future milestones associated with the project is as follows:

August 2019	Issuance of NPDES Permit
August 2019	Jones County Approval of Plans and Specifications of Construction Contracts 1 through 5
August 2019	Submittal of Approved Contract Documents to USDA and request to advertise for bids
September 2019	USDA Authorization to Advertise for Bids
September 2019	Advertise for bids
October 2019	Receive Bids
December 2019	Award Construction Contracts
February 2020	Begin Construction
April 2021	Complete Construction

The above timelines only mention significant milestones. There have been numerous steps and efforts made in connection with the project that are not specifically mentioned.

PROJECT FINANCING

Funding for the project was authorized by the USDA Letter of Conditions dated January 19, 2016 and includes \$50,000 of Jones County funds, \$6,157,000 of USDA loan funds, and \$1,984,000 of USDA grant funds for a total project cost of \$8,191,000. The loan rate was identified to be 2.5% and the term 40 years. The annual debt service payment amounts to approximately \$245,000 per year, which will begin June 1 the year following completion of construction. The debt service payment represents approximately 17% of water department revenues for the year ending June 30, 2018. The County has increased water rates in recent years in anticipation of higher costs associated with the project; however, future rate increases will be necessary as operating and other costs are expected to continue to increase.

Jones County
Temporary CCPCUA Permit

ROY COOPER
Governor

MICHAEL S. REGAN
Secretary

LINDA CULPEPPER
Director



NORTH CAROLINA
Environmental Quality

July 15, 2019

Mr. Mike Houston
Jones County Regional Water System
418 Hwy 58 North, Unit B
Trenton, NC 28585

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
7017 3040 0000 9844 8201
9590 9402 4008 8079 7924 42

Subject: Temporary CCPCUA Permit No. CU3023 for
Jones County Regional Water System in Jones County

Dear Mr. Houston:

In accordance with your application dated May 31, 2019, and associated documentation, we are forwarding Temporary Permit No. CU3023 for water use in the Central Coastal Plain Capacity Use Area in Jones County. This permit allows for the withdrawal of water for the purpose of public supply.

Enclosed with this package are forms DWR CCPCUA-4 and DWR CCPCUA-6. Form DWR CCPCUA-4 is for reporting water withdrawals, in accordance with Sections I. C. and IV. A. of your permit. Form DWR CCPCUA-6 is for reporting ground water levels, in accordance with Sections II. B. and IV. B. of your permit. Also, please note that the new permit for your facility includes a chloride monitoring provision in Section II (C), Monitoring of Chlorides. This yearly sampling must be completed in order for you to remain in compliance with the permit.

If you are not already doing so, DWR requests you submit your monthly water withdrawal and water level information using our online system. By doing so you will not need to mail the Division a signed hard copy. The CCPCUA online permit renewal application, water withdrawal and levels reporting forms are at:

<http://www.ncwater.org/CCPCUAreportonline>

If you do not have internet access then please make as many copies as necessary and send forms on a monthly basis to the address on the top of the forms.

This temporary permit is effective from the date of issuance until July 31, 2024, and is subject to the conditions and/or limitations contained therein. Temporary permit status is maintained by meeting the criteria contained in Section III.C. Failure to meet these criteria shall revoke this status and the permit holder will be held to the current reduction schedule. In order for this permit to continue uninterrupted, please apply for permit renewal at least three (3) months before the expiration date.

Sincerely,

Nathaniel C. Wilson, Chief
Ground Water Management Branch
Division of Water Resources



**North Carolina
Environmental Management Commission
Department of Environmental Quality**

**Temporary Permit For The Withdrawal And Use Of Water
In The Central Coastal Plain Capacity Use Area**

In accordance with the provisions of Part 2, Article 21 of Chapter 143, General Statutes of North Carolina as amended, and any other applicable Laws, Rules and Regulations,

Permission Is Hereby Granted To

Jones County Regional Water System

FOR THE

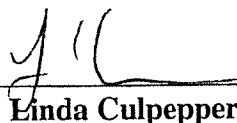
Withdrawal and Use of Water in Jones County, North Carolina in accordance with the grantee's application dated May 31, 2019, and any supporting data submitted with the application, all of which are filed with the Department of Environmental Quality and are considered part of this Permit.

This Permit shall be effective from the date of its issuance until July 31, 2024, and shall be subject to the specified conditions and/or limitations contained in Sections I - X of this Permit.

Permit issued this the 15th day of July, 2019.

NORTH CAROLINA ENVIRONMENTAL MANAGEMENT COMMISSION

BY _____



**Linda Culpepper
Director, Division of Water Resources**

By Authority of the Secretary of the Department of Environmental Quality

PERMIT # CU3023

I. WITHDRAWALS

A. USE

This Permit allows the withdrawal of water for the purpose of public supply.

B. SOURCE(S) AND RATES OF WITHDRAWALS

The annual rate for the quantity of water that may be withdrawn from four wells (#1-4) in the Black Creek aquifer is 123,969,000 gallons per year which averages to 339,641 gallons of water per day.

And

The maximum quantity of water that may be withdrawn from five wells (5B, 7, 8B, 9, 10) in the Peedee and Castle Hayne aquifers shall not exceed 828,000 gallons per day (gpd).

C. MONITORING OF WITHDRAWALS

Withdrawals from each source, whether well or sump, shall be measured by an approved metering device equipped with a totalizing indicator, and having an accuracy within plus or minus five percent.

II. WATER LEVELS AND CHLORIDE SAMPLING

A. MAXIMUM DRAWDOWN LEVELS

1. Pump intakes for the well(s) shall not be set below the depth specified in the permit application or associated documentation without prior approval of the Division of Water Resources.
2. In the event that data from the permitted wells or other wells within the zone influenced by pumping of the permitted wells indicates a deterioration of quality or quantity in surrounding aquifers or the source aquifer, an alternate maximum pumping level may be established by the Division of Water Resources.

B. MONITORING OF WATER LEVELS

1. The pumping water level in each supply well shall be measured once a month:
 - a. by a steel or electric tape from a fixed reference point, or by using the air-line method
 - b. within accuracy limits of plus or minus one percent,
 - c. just prior to shutting off the pump, or after sufficient time of pumping, so that a maximum drawdown may be obtained, and
 - d. during the last planned pumping day of the month, or within the last five days of the month.

Temporary CCPCUA Water Use Permit # CU3023 for Jones County Regional Water System

2. The static water level in each supply well shall be measured once a month:
 - a. by a steel or electric tape from a fixed reference point, or by using the air-line method
 - b. within accuracy limits of plus or minus one percent,
 - c. after the pump is shut off for approximately 12 hours, and
 - d. within the last five days of the month.
3. Unused supply wells or other suitable wells that may be available shall be monitored when such monitoring is specified by the Division of Water Resources and when pertinent to observation or evaluation of the effects of withdrawals made under this permit.

C. MONITORING OF CHLORIDES

Chloride sampling of raw water for each well shall be performed once a year in September or October and analyzed by a State certified laboratory. Analytical results from the Chloride Concentration Analysis shall be submitted to the Division of Water Resources not later than November 30 of each year.

III. OTHER PROVISIONS

A. WELL CONSTRUCTION APPROVAL

No new wells shall be constructed without prior approval from the Director of Water Resources. A Well Construction Permit shall be required prior to the construction of any well that will be used to withdraw any portion of the water regulated under this Permit. Application for the well construction permit must be submitted to the Wilmington Regional Office, Water Quality Regional Operations Section, 127 Cardinal Drive Extension • Wilmington, NC 28405. A copy of the Well Construction record (GW-1) shall be submitted to the Division of Water Resources' CCPCUA program and the Water Quality Regional Operations Section within 30 days upon completion of the well construction.

B. ACCESS TO FACILITIES

The Environmental Management Commission and employees of the Department of Environmental Quality shall have reasonable access to areas owned and under control of the permittee for observation and inspection of water use and related facilities pertinent to the provisions of this permit and other regulations.

C. TEMPORARY PERMITS

1. Static water level trends must be level or upward trending after January 1, 2012 or over the previous year from present day and may involve construction and measurement of monitoring wells by permit holders,

Temporary CCPCUA Water Use Permit # CU3023 for Jones County Regional Water System

2. Pump intakes must be above the top of the shallowest Cretaceous aquifer screened by the well,
3. Present day pumping water levels must be above the top of the shallowest Cretaceous aquifer screened by the well, and
4. Chloride concentrations obtained from monitoring wells or unused production wells screened and gravel packed in one Cretaceous aquifer are fresh (< 250 mg/l) for 3 previous years from present day and do not trend toward higher concentrations or other site specific data which will allow determination of susceptibility to salt water encroachment.

IV. REPORTS REQUIRED

A. WITHDRAWALS

Monthly reports of daily withdrawal totals from each well or sump shall be furnished to the Division no later than 30 days after the end of each calendar month.

B. WATER LEVELS

Water level measurements for each supply well shall be measured in accordance with Condition II. B. 1. of this permit and submitted to the Division not later than 30 days after the end of the calendar month in which the measurement was taken.

V. MODIFICATION OR REVOCATION

A. MODIFICATION

1. The Permittee must notify the Director of any proposed major changes in usage and apply for a modification of the permit for such changes or for any revisions of the terms of this permit.
2. The Director may modify the terms of the permit, after 60 days written notice to the permittee, if he finds that the terms of the permit and/or the resulting water use are found to be contrary to the purposes of the Water Use Act of 1967 or contrary to public interest or having an unreasonably adverse effect upon other water uses in the capacity use area. Modifications may include, but are not limited to, requirements for alternate pumping levels, or the collection, analysis, and reporting of ground water quality samples.
3. Annual water withdrawal limits established in temporary permits shall be subject to the current reduction schedule if wells fall out of compliance with Section III (C).

The following is the current reduction schedule:

Withdrawals shall not exceed 25% of the approved base rate which is 61,984,500 gallons per year and averages to 169,821 gallons of water per day (gpd).

B. REVOCATION

The Director may revoke the permit if he finds that:

1. the Permittee has violated the terms of the permit; or
2. the terms of the Permit and/or the resulting water use are contrary to the purpose of the Water Use Act of 1967 or contrary to the public interest or having an unreasonably adverse effect upon other water uses in the capacity use area and cannot be cured by modification; or
3. the Permittee made false or fraudulent statements in the application for the water use permit; or
4. water withdrawn under the terms of the permit is used for purposes other than those set forth in the permit.

VI. CONSTRUCTION OF PERMIT

- A. The terms and conditions shall not be construed to relieve the Permittee of any legal obligation or liability, which it owes or may incur to third parties as the result of the conduct of its operations in conformity with this Permit.
- B. When under the terms hereof, any provision of this Permit requires approval of the Department or becomes effective at the discretion of the Department, the notice of approval or the exercise of such discretion shall be evidenced by written instrument issued by the Department.
- C. The terms and conditions of this Permit shall not be construed as a limitation of the powers, duties, and authority vested in the Environmental Management Commission or any other State, Federal, or local agency, or any applicable laws hereafter enacted.

VII. ADDITIONAL CONDITIONS

- A. This Permit shall be subject to any limitations or conditions in other State permits, including but not limited to permits required pursuant to North Carolina General Statutes §143-215.1.
- B. Issuance of this Permit shall have no bearing on subsequent State decision(s) regarding any other water use or other permit application(s) submitted or which may be submitted by the Permittee, its successors or assigns.
- C. Compliance with the terms and conditions in this permit does not relieve the permittee of compliance with any provision, now in force or hereafter enacted or promulgated, of the Water Use Act of 1967, the regulations promulgated thereunder, or any other provision of State law.

VIII. PENALTIES

Violations of the terms and conditions of this Permit are subject to penalties as set forth in North Carolina General Statutes §143-215.17.

IX. PERMIT NONTRANSFERABLE

Water Use Permits shall not be transferred except with approval of the Environmental Management Commission.

X. RENEWAL OF PERMIT

The Permittee, at least three (3) months prior to the expiration of this permit, shall request its extension. Upon receipt of the request, the Commission will review the adequacy of the facilities described therein, and if warranted, will extend the permit for such period of time and under such conditions and limitations as it may deem appropriate.

Jones County
USDA Letter of Conditions



United States Department of Agriculture

January 19, 2016

20160119 1-15-0301
USDA Letter of Conditions

Mr. Zack Koonce, Chairperson
Jones County
PO Box 340
Trenton, NC 28585

RE: **Jones County
2015 Water Supply Improvements**

Dear Mr. Koonce:

This letter establishes the conditions, which must be understood and agreed to by Jones County ("County") before further consideration may be given to the application. The State and Area Office staffs of USDA Rural Development will administer the loan and grant funds for this project on behalf of the Rural Utilities Service (RUS).

Any changes in project costs, sources of funds, scope of services, or any other significant changes in the project or County must be reported to and approved by USDA Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

This letter is not to be considered a loan/grant approval letter or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$6,157,000 a RUS Grant not to exceed \$1,984,000, and an applicant contribution of \$50,000 for a total project cost of \$8,191,000.

If Rural Utilities Service makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing. If you choose otherwise, your written request should be submitted to this office as soon as practical, but not later than sixty (60) calendar days prior to loan closing.

The loan and grant will be considered approved on the date a signed copy of Form RD 1940-1. "Request for Obligation of funds", is signed and mailed to you by the Rural Development State Director or an appointed representative.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions", if you desire that further consideration be given to your application.

If conditions set forth in this letter are not met within **twenty-four (24) months** from the date of loan closing, whichever occurs first, Rural Development reserves the right to discontinue processing of the application.

Rural Development Kinston - Area Office
2044 C, Hwy 11/55 South, P.O. Box 6189, Kinston, NC 28501,
Voice (252) 526-9799, ext. 4 Fax 1-844-325-6827 Hearing Impaired: 711 Web: <http://www.rurdev.usda.gov/nc>
Committed to the future of rural communities USDA is an equal opportunity provider and employer
If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

PROJECT BUDGET

Funding for the project is based on the following estimated project expenditures as follows:

<u>Project Costs:</u>		<u>Total</u>
		<u>Budgeted:</u>
Construction		\$ 6,550,600
Engineering Fees:		\$ 1,053,325
PER/Environmental Report	\$ 25,000	
Basic Services	\$ 608,600	
Resident Inspection	\$ 388,850	
Additional Services	\$ 30,875	
Legal Fees (Local Attorney)		\$ 10,000
Bond Counsel		\$ 15,000
Land & ROW (Easement Acquisition)		\$ 80,000
Equipment		\$ 5,000
Advertising & Permits		\$ 9,500
Interest		\$ 140,000
Project Contingency		\$ 327,575
Total Project Cost		\$ 8,191,000

REPAYMENT SCHEDULE

The loan will be scheduled for repayment over a period of **forty (40) years**. The first principal and interest payment will be due and payable on June 1 following the date of loan closing or delivery of the bond. Each payment (principal and interest) thereafter, will be due and payable annually on the 1st day of June of each year.

PREAUTHORIZED DEBIT PAYMENT (PAD)

Prior to loan closing the County must complete U.S. Department of Treasury Form SF 5510, Authorized Agreement for Preauthorized Payments. This form will authorize the government to electronically debit your Rural Utilities Service loan payment(s) from your bank account on a predetermined date (date the payment is due). Preauthorized Debit is accomplished through the Automated Clearing House process method; thus, eliminating the need to write a check for each payment, the expense of mailing the payment, and allows you the certainty of when your payment will be applied.

SECURITY REQUIREMENTS

Security for the loan will consist of a **\$6,157,000 Water and Sewer Revenue Bond** authorized and prepared in accordance with RUS Instruction 1780, Paragraph 1780.14 and the Local Government Bond Act. Rural Development will negotiate the purchase of

the bond with the County and the North Carolina Local Government Commission ("LGC"). LGC reserves the right to require a public offering of the bond. The bond will be fully registered as to both principal and interest in the name of the "United States of America acting through the Department of Agriculture".

The Bond and any ordinance of resolution relating thereto must not contain any provision in conflict with RUS Bulletin 1780-27, "Loan Resolution (Public Body)" RUS Bulletin 1780-12, "Water or Wastewater Grant Agreement", applicable regulations, and law.

DEBT SERVICE RESERVE REQUIREMENT

The County must establish and maintain a reserve account in accordance with RUS Instruction 1780, paragraph 1780.39(e)(2) to provide for at least one average annual loan installment. The County will make annual deposits into the debt reserve account in an amount equal to at least one-tenth (1/10) of the average annual installment on the loan.

SHORT LIVED ASSET RESERVE

Reserves must be properly budgeted to maintain the financial viability and sustainability of the Water system. Jones County must fund a short-lived asset replacement reserve by depositing a sum of approximately \$170,450 annually into a reserve account.

INTERIM FINANCING

The County will obtain interim construction financing in accordance with RUS Instruction 1780, paragraph 1780.39(d) and the Local Government Bond Act. Interim financing will be obtained through the sale of Bond Anticipation Notes with the assistance of the Local Government Commission. These funds will be placed into an appropriate construction account. The County will provide Rural Development with a copy of the interim loan financing agreement. The Agency approval official may make an exception to the above when interim financing is cost prohibitive or unavailable.

PROJECT COMPLETION

The project must be completed within 5 years of obligation, after which a waiver is required from Rural Development National Office.

DISBURSEMENT OF FUNDS

The County contribution of \$50,000 and the Rural Development loan funds of \$6,157,000 shall be the first funds expended for this project prior to the usage of the Rural Development \$1,984,000 grant funds.

Rural Development loan funds will be delivered to the County at the time of loan closing. These loan funds will be used to pay off the Bond Anticipation Note(s), or interim

financing. Interim financing funds obtained through the sale of Bond Anticipation Notes placed into the above mentioned construction fund will not be disbursed for any purpose until written approval is obtained from Rural Development. The disbursement of all project funds must be approved by Rural Development.

The County must establish a separate construction account with an acceptable financial institution or depository that meets the requirements of 31 CFR Part 202. All project funds will be deposited into this account. Financial institutions or depositories accepting deposits of public funds and providing other financial agency services to the Federal Government are required to pledge adequate, acceptable securities as collateral. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the construction account at any one time. Additional guidance on collateral acceptability and valuation are available at the Treasury's Bureau of the public debt website at www.publicdebt.treas.gov.

Any Agency grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account except as follows:

- a. *Federal grant awards (includes all federal funding sources) are less than \$120,000 per year;*
- b. *The best available interest bearing account would not be expected to earn in excess of \$500 per year, will be submitted to the Agency at least quarterly as required in 7CFR3016;*
- c. *The depository would require a minimum balance so high that it would not be feasible.*

Grant funds from the Agency will be disbursed by multiple advances through electronic transfer of funds after loan funds or interim financing is expended.

After providing for all authorized costs at the completion of project construction, any remaining Rural Development funds are considered Agency funds and will be refunded to Rural Development.

ORGANIZATION

The County must provide a certification concerning its organization, authority to issue bonds, and compliance with special laws and regulations in accordance with RUS Instruction 1780, paragraph 1780.7(e)

AUDITS, MANAGEMENT REPORTS AND ACCOUNTING METHODS

The County's accounting methods, audits and management reports will be established and maintained as required by North Carolina General Statutes, RUS Instruction 1780, paragraph 1780.47 and OMB Circular. The initial audit will be prepared in accordance with OMB Circular A-133 and a copy furnished to Rural Development. Subsequent audits and management reports will be performed and furnished in accordance with the

above instruction. The County must provide Rural Development a copy of its contract for auditing.

Beginning with the fiscal year in which the loan is closed, within the Proprietary Funds section of the audit, the "Statement of Net Position", "Statement of Revenues, Expenses, and Changes in Fund Net Position", and "Statement of Cash Flows" must show the Water and Water Funds separately. They may not be combined, as in previous audits.

INSURANCE AND BONDING

Insurance and fidelity bond coverage must be obtained as required by the North Carolina General Statutes and RUS Instruction 1780, paragraph 1780.39(g), as shown below. The County must provide evidence of required coverage to Rural Development prior to loan closing or start of construction, whichever occurs first. The use of deductibles may be allowed providing you have the financial resources to cover potential claim requiring payment of the deductible. The Agency strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions.

It is your responsibility and not that of the Agency to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained. Evidence that the above-mentioned coverage is being maintained must be provided to Rural Development annually.

- a. **General Liability Insurance** – Include vehicular coverage;
- b. **Workers' Compensation** - In accordance with appropriate State laws;
- c. **Position Fidelity Bond(s)** - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. You should have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The coverage may be increased during construction of this project based on the anticipated monthly advances. The minimum coverage acceptable to the Agency will be for each position to be bonded for an amount at least equal to one annual installment on your Agency loan(s)
- d. **National Flood Insurance** - If the project involves acquisition or construction in a designated special flood or mudslide prone areas, you must purchase a flood insurance policy at the time of loan closing;
- e. **Real Property Insurance** – Fire and extended coverage will normally be maintained on all structures except reservoirs, pipelines and other structures if such structures are not normally insured and subsurface lift stations except for the value of electrical and pumping equipment. Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all facilities identified above.

LOAN RESOLUTION, EQUAL OPPORTUNITY AND ASSURANCE AGREEMENTS

The County must formally adopt Form RUS Bulletin 1780-27, "Loan Resolution (Public Body)," Form RD 400-1, "Equal Opportunity Agreement, and Form RD 400-4, Assurance Agreement," at a properly called meeting of the governing body. Adoption of these documents should be made a part of the official minutes of the above meeting. A certified copy of the said minutes should be attached to the resolution and be provided to Rural Development.

GRANT AGREEMENT

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. The County will be required to execute the completed form at the time of grant closing.

OPERATING BUDGET AND WATER RATE SCHEDULE

The County must adopt an Operating Budget and Rate Schedule for the Water system that provides for sufficient revenues for the repayment of operating and maintenance expenses, the proposed repayment of the new USDA loan, and required reserves. Certified copies of these documents should be provided to Rural Development prior to loan closing.

The County will be required to submit an Annual Budget at least thirty days prior to the beginning of their fiscal year to Rural Development, along with a current rate schedule, and a listing of the current County officials.

RULES AND REGULATIONS

Rules and Regulations for the County's water system must be submitted to Rural Development for approval and must be formally adopted by the County, prior to loan closing. A certified copy of the ordinance establishing the Rules and Regulations must be provided to Rural Development.

USER REQUIREMENTS

Prior to loan closing or start of construction, whichever occurs first, the County must certify in writing they have a minimum of 3614 active residential and non-residential users on their system.

PROPERTY RIGHTS

Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights-of-ways needed for the project. Acquisitions of necessary land and rights must be

accomplished in accordance with the Uniform Relocation and Real Property Acquisition Act. Such evidence of control over the lands and rights must be in the following form:

- a. **Right-of-Ways** - A right-of-way map will be required showing clearly the location of all lands and right-of-ways needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof. A certification and legal opinion relative to title to right-of-ways and easements is required. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way" may be used. These forms may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, new forms must be provided which do not provide for any exceptions.
- b. **Preliminary Title Work** - (Title Opinions) A separate Form RD 1927-9, "Preliminary Title Opinion" along with copies of deeds, contracts or options for any lands needed for construction of the proposed project, other than rights-of-way, may be used for each property currently owned or to be acquired.
- c. **Final Title Work** - On the day of loan closing, your attorney must furnish a separate final title opinion on all property (land) acquired or to be acquired necessary for construction of the proposed project. Form RD 1927-10, "Final Title Opinion" may be used for this purpose.

DEBARMENT CERTIFICATION

Prior to loan approval, the County must certify that they are not debarred or suspended from the Federal Non-procurement Program by use of Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions." Also, Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transactions," must be executed by lower tier parties (builders, contractors, dealers, suppliers, manufacturers, and others) involved in transactions exceeding \$25,000.

DRUG FREE WORKPLACE CERTIFICATION

Prior to approval of a USDA, Rural Development grant, the County must certify that they will provide a drug-free workplace and will establish an educational program concerning drug abuse for employees by executing Form AD-1049, "Certification Regarding Drug Free Workspace Requirement (Grants)."

DEBT COLLECTION POLICIES

Prior to loan closing, the County will acknowledge receipt of debt collection policies by executing Form RD 1910-11, "County Certification, and Federal Collection Policies for Consumer or Commercial Debts."

CENTRAL CONTRACTOR REGISTRATION and UNIVERSAL IDENTIFIER REQUIREMENTS

Requirement for Central Contractor Registration (CCR):

a. You as the recipient must have a Data Universal Numbering System (DUNS) number and register it in the System for Award Management (SAM). Recipients can register on-line at <https://sam.gov/>.

b. The County, as the recipient, must maintain the currency of your information in SAM until you submit the final financial report required under this award and all grant funds under this award have been disbursed or de-obligated, whichever is later. This requires that you review and update the information at least annually after initial registration, and more frequently if required by changes in your information or other award term.

VULNERABILITY ASSESSMENT AND EMERGENCY RESPONSE PLAN

The County must complete a Vulnerability Assessment (VA) and Emergency Response Plan (ERP) in relationship to their water system. The VA and ERP must be completed within six (6) months of the date of the Letter of Conditions. The County must provide written certification to Rural Development that the VA and ERP for the water system have been completed. (Do not provide a copy of the actual VA or ERP to Rural Development).

PERMITS

The owner, contractor or responsible party will be required to obtain all required permits necessary for construction of the project and such should be provided to Rural Development.

FINAL PLANS AND SPECIFICATIONS

The project described in the final plans and specifications must conform essentially in scope to the project as described in the most recent version of the Preliminary Engineering Report, including any addendums. If any significant change in the project should develop (i.e. major change in service area, change in type or source of treatment, source of supply, capacity of system, etc.), after Rural Utilities Service funding has been approved, the County will take immediate action to stop incurring, to the extent practicable, any additional project costs or expenses. A supplement or addendum to the Preliminary Engineering Report will be prepared, which shall include a revised project costs summary and operating budget, if necessary, and submitted to Rural Development for review and concurrence.

Final plans and specifications shall be submitted to Rural Development and other appropriate agencies for review and approval within six (6) months from the date of this letter.

CONSTRUCTION CONTRACT DOCUMENTS

The construction contract documents must be completed in accordance with RUS Bulletin 1780, Subpart C, paragraph 1780.61 and 1780.75 for projects funded, in whole or part, with Rural Utilities Service funds. This includes projects jointly funded by Rural Utilities Service and other Federal, State, or local agencies. Contract documents shall be the latest version of Rural Development documents in effect at the time the project is bid. Alternative methods of preparing contract documents or alternative contract documents for jointly funded projects may be considered and approved by Rural Development on a case-by-case basis, but only under extenuating circumstances.

The contract documents must take into consideration and allow the use of all materials and equipment normally used for the application(s) described in the plans and specifications, unless prior concurrence is received from Rural Development to delete a particular type of material, brand or model of equipment, etc. Specifications must not contain unfair clauses, performance requirements, construction requirements, etc. designed to prevent or eliminate the use of any particular material or piece of equipment.

PROCUREMENT OF CONSTRUCTION SERVICES & SUPPLIES / EQUIPMENT

The project shall be formally advertised for bids in accordance with RUS Instruction 1780, paragraph 1780.72(b) and state and local laws and regulations applicable to this type of procurement. Procurement by other than formal advertising may be used upon written concurrence by Rural Development in accordance with RUS Instruction 1780, paragraph 1780.70 and 1780.72. Formal advertising may be used for any procurement, however, at the option of the County.

Contracts shall be awarded on the basis of the lowest bid of acceptable materials and equipment and in accordance with 1780.70(g) and 1780.70(h). If contract award is proposed to other than the lowest bidder, documentation for such must be provided to Rural Development. The Rural Development State Engineer must provide written concurrence prior to the awarding of any contract by the County.

CONSTRUCTION MONITORING

Full-time inspection is required unless a written exception is made by the Agency upon your written request. This service is to be provided by the consulting engineer or other arrangements as approved by the Agency. Prior to the pre-construction conference, a resume of qualifications of the resident inspector(s) will be submitted to the owner and Agency for review and approval. The owner will provide a letter of acceptance for all

proposed observers to the engineer and Agency. The resident inspector(s) must attend the pre-construction conference.

The Agency requires prior agency concurrence with all Change Orders, Invoices, and Payment Estimates. The Agency also requires a pre-construction conference, pre-final, final, and warranty inspection.

PROFESSIONAL SERVICES AND CONTRACTS

Contracts or other forms of agreement between the County and its professional and technical representatives are required and are subject to Rural Development review and concurrence. Rural Development forms and/or guides are available for use by the County, when appropriate.

CONFLICT OF INTEREST POLICY

Prior to obligation of funds, you will certify in writing that your organization has in place an up-to-date written policy on conflict of interest. The policy will include, at a minimum: (1) a requirement for those with a conflict or potential conflict to disclose the conflict/potential conflict; (2) a prohibition of interested members of the applicant's governing body from voting on any matter in which there is a conflict, and (3) the specific process defining how the governing body will manage identified or potential conflicts.

You must also submit a disclosure of planned or potential transactions related to the use of Federal funds that may constitute or present the appearance of personal or organizational conflict of interest.

Disclosure must be in the form of a written letter signed and dated by the applicant's official. A negative disclosure of the same format is required if no conflicts are anticipated.

GRADUATION

The County will refinance the unpaid balance, in whole or in part, of its Rural Utilities Service debt upon request of the Government, if at any time it should appear to the Government that the County is able to refinance its indebtedness by obtaining a loan for such purposes from cooperative or private sources at reasonable rates and terms.

MITIGATION MEASURES

The County must formally adopt and agree to enforce the mitigation measure(s) as identified in the final Environmental Report for this project. The measures are attached to this letter as part of the conditions.

The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

EXCESS FUNDS

If there is a significant reduction in project costs as a result of redesign or bids received, funding needs for the project will be reassessed. Any loan and/or grant funds not needed in order to complete the proposed project will be de-obligated. Grant funds will be the first funds considered for de-obligation. An amended Letter of Conditions will be issued if the amount of the proposed sources of funds changes.

Remaining funds may be used for eligible [loan and grant] purposes, provided the use will not result in major changes to the original scope of work and the purpose of the [loan and grant] remains the same.

Agency loan funds that are not needed will be applied as an extra payment on the Agency indebtedness unless other disposition is required by the bond ordinance, resolution, or State statute.

Grant funds not expended for authorized purposes will be cancelled within 45 days of project completion. Prior to actual cancellation, the Town and your project engineer will be notified of the Agency's intent to cancel the remaining funds and given appropriate appeal rights.

CLOSING INSTRUCTIONS

The loan will be closed in accordance with instructions issued by the Office of General Counsel and applicable RUS Instructions issued by the Rural Development National and/or State Office.

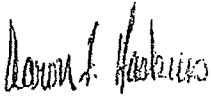
OTHER CONDITIONS

All applicable items set out in *Form NC RUS Bulletin 1780-6-A, WWD Processing Checklist (Public Body)*, apply to this project and become a part of this Letter of Conditions. All requirements of the following must be met:

- a. Compliance with all Federal, State, and local laws and Regulations in accordance with RUS Instruction 1780, Paragraph 1780.15
- b. Compliance with State Pollution Control and/or Environmental Protection Agency standards.
- c. Compliance with other development plans.
- d. Compliance with State agency regulating water rights.
- e. Compliance with the Civil Rights Act of 1964.

- f. Compliance with Section 504 of the Rehabilitation Act of 1973.
- g. Compliance with the Age Discrimination Act of 1975.
- h. Compliance with the American with Disabilities Act of 1990.
- i. OMB Circular A-133 Audit Requirements.

Sincerely,



Aaron T. Gaskins
Area Specialist

Attachment(s)

ATG:ahw

Cc: Mr. Franky Howard, County Manager
Jones County
PO Box 340
Trenton, NC 28585

3.9.3.3 Mitigation

No mitigation efforts are needed for Transportation.

4.0 Summary of Mitigation

Jones County recognizes the importance of minimizing impact to environmental resources. Jones County has reviewed project scope with State agencies to include the NC Department of Transportation. Every precaution will be made during the construction project to comply with all permits and encroachments. Best management construction practices including sedimentation and erosion control will be incorporated into project plans and specifications. The project will have full-time resident inspection to insure that mitigation measures and goals are met. Refer to tables at the end of this document for a summary of mitigation measures identified in previous sections.

RESOURCES THAT MAY BE IMPACTED BY THE PROPOSED IMPROVEMENTS	MITIGATION MEASURES
FLOODPLAINS	<p>Every effort will be made to minimize the clearing of riparian vegetation.</p> <p>Restore the natural topography of the floodplain after construction.</p>
WETLANDS	<p>Implementation of an NCDENR, Division of Land Quality approved sedimentation and erosion control plan will be incorporated into the final plans and specifications of the project.</p> <p>Wetlands will be crossed via horizontal directional bore to avoid disturbance and permitting concerns regarding restoration/mitigation.</p>
WATER QUALITY	<p>Installation will be in accordance with State and local guidelines. An NCDENR, Division of Land Quality approved sedimentation and erosion control plan will be incorporated into the final plans and specifications of the project.</p> <p>Project will require issuance of a Non Pollutant Discharge Elimination System (NPDES) permit that will establish water quality standards on effluent discharge from the proposed water treatment plant. Jones County will operate in accordance with the issued NPDES permit and implement all required monitoring/testing to insure water quality standards are met.</p>
ENVIRONMENTAL JUSTICE	<p>Certification and compliance with the Civil Rights Act of 1964, Title VI, Title IX of the Education Act Amendment of 1972 and various other laws protecting individual rights.</p>

TRANSPORTATION	Construction shall comply with issued Encroachment Agreement(s) by the NC Department of Transportation.
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1. REQUEST FOR OBLIGATION OF FUNDS

INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED ()			
Complete Items 1 through 29 and applicable Items 30 through 34. See FMI.			
1. CASE NUMBER ST CO BORROWER ID 38-052-*****0312		LOAN NUMBER	FISCAL YEAR 2016
2. BORROWER NAME Jones County		3. NUMBER NAME FIELDS (1, 2, or 3 from Item 2)	
		4. STATE NAME North Carolina	
		5. COUNTY NAME Jones	
GENERAL BORROWER/LOAN INFORMATION			
6. RACE/ETHNIC CLASSIFICATION 1 - WHITE 2 - BLACK 3 - ALIAN 4 - HISPANIC 5 - API	7. TYPE OF APPLICANT 1 - INDIVIDUAL 2 - PARTNERSHIP 3 - CORPORATION 4 - PUBLIC BODY 5 - ASSOC. OF FARMERS 6 - ORG. OF FARMERS 7 - NONPROFIT-SECULAR 8 - NONPROFIT-FAITH BASED 9 - INDIAN TRIBE 10 - PUBLIC COLLEGE/UNIVERSITY 11 - OTHER	8. COLLATERAL CODE 1 - REAL ESTATE SECURED 2 - REAL ESTATE AND CHATTEL 3 - NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS 8 - RLF ACCT	9. EMPLOYEE RELATIONSHIP CODE 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.
10. SEX CODE 1 - MALE 2 - FEMALE 3 - FAMILY UNIT 4 - ORGAN MALE OWNED 5 - ORGAN FEMALE OWNED 6 - PUBLIC BODY	11. MARITAL STATUS 1 - MARRIED 2 - SEPARATED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED)	12. VETERAN CODE 1 - YES 2 - NO	13. CREDIT REPORT 1 - YES 2 - NO
14. DIRECT PAYMENT 2 (See FMI)	15. TYPE OF PAYMENT 2 1 - MONTHLY 2 - ANNUALLY 3 - SEMI-ANNUALLY 4 - QUARTERLY	16. FEE INSPECTION 2 1 - YES 2 - NO	
17. COMMUNITY SIZE 1 - 10,000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000	18. USE OF FUNDS CODE (See FMI)		
COMPLETE FOR OBLIGATION OF FUNDS			
19. TYPE OF ASSISTANCE 067 (See FMI)	20. PURPOSE CODE	21. SOURCE OF FUNDS 2	22. TYPE OF ACTION 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION
23. TYPE OF SUBMISSION 1 - INITIAL 2 - SUBSEQUENT	24. AMOUNT OF LOAN \$6,157,000.00	25. AMOUNT OF GRANT \$1,984,000.00	
26. AMOUNT OF IMMEDIATE ADVANCE	27. DATE OF APPROVAL MO DAY YR 1 20 2016	28. INTEREST RATE 2.5000%	29. REPAYMENT TERMS 40
COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS			
30. PROFIT TYPE 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT			
COMPLETE FOR EM LOANS ONLY		COMPLETE FOR CREDIT SALE-ASSUMPTION	
31. DISASTER DESIGNATION NUMBER (See FMI)	32. TYPE OF SALE 1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUBSEQUENT LOAN 4 - ASSUMPTION WITH SUBSEQUENT LOAN		
FINANCE OFFICE USE ONLY		COMPLETE FOR FP LOANS ONLY	
33. OBLIGATION DATE MO DA YR	34. BEGINNING FARMER/RANCHER (See FMI)		

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.

Position 2

ORIGINAL - Borrower's Case Folder

COPY 1 - Finance Office

COPY 2 - Applicant/Lender

COPY 3 - State Office

CERTIFICATION APPROVAL

For All Farmers Programs

EM, OL, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representative completing title work and completing loan closing.

35. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL

Loan and Grant approval subject to meeting all requirements of the processing checklist, Letter of Conditions, and Loan Closing Instructions from the Office of General Counsel.

36. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and request payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 28 of this form. ☒ YES ☐ NO



Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

Attest Franky J. Howard
Clerk to the Board

Jones County

Date January 19, 20 16

Zack Koonce
Zack Koonce, Chairman

37. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

Melchior B. Ellis

(Signature of Approving Official)

Typed or Printed Name: Melchior B. Ellis

Date Approved: 1-20-2016

Title: Acting - State Director

38. TO THE APPLICANT: As of this date 1-26-2016, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the appropriate USDA Servicing Office.